RECEIVED
APR 29 2005
Department of Water Resources

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Attorneys for Idaho Ground Water Appropriators, Inc.

BEFORE THE DEPARTMENT OF WATER RESOURCES

OF THE STATE OF IDAHO

IN THE MATTER OF THE REQUEST FOR ADMINISTRATION IN WATER DISTRICT 120 AND THE REQUEST FOR DELIVERY OF WATER TO SENIOR SURFACE WATER RIGHTS BY A & B IRRIGATION DISTRICT, AMERICAN FALLS RESERVOIR DISTRICT #2, BURLEY IRRIGATION DISTRICT, MILNER IRRIGATION DISTRICT, MINIDOKA IRRIGATION DISTRICT, NORTH SIDE CANAL COMPANY, and TWIN FALLS CANAL COMPANY	**IDAHO GROUND WATER APPROPRIATORS' INITIAL PLAN FOR PROVIDING REPLACEMENT WATER**

Idaho Ground Water Appropriators, Inc. ("IGWA"), through its counsel Givens Pursley LLP and on behalf of its ground water district members, Aberdeen-American Falls Ground Water District, Magic Valley Ground Water District, Bingham Ground Water District, North Snake Ground Water District, Bonneville-Jefferson Ground Water District, Southwest Irrigation District, and Madison Ground Water District (the "Ground Water Districts"), pursuant to the Director's April 19, 2005 Order ("Order"), hereby files with the Director, Idaho Department of

Water Resources ("Director") its Plan for Providing Replacement Water ("Replacement Water Plan").

INTRODUCTION

This Replacement Water Plan fulfills the requirement in paragraph 9, page 45, of the Director's April 19, 2004 Order ("Order") requiring North Snake, Magic Valley, Aberdeen-American Falls, Bingham, and Bonneville-Jefferson Ground Water Districts, all of whom are located in Water Districts 120 and 130 (the "120/130 Districts") to "file a plan for providing . . . replacement water with the Director, to be received no later than 5:00 pm on April 29,2005." The Order specifies that such plan is to provide a minimum of 27,700 acre-feet of replacement water to certain members of the Surface Water Coalition ("SWC") during the 2005 irrigation season.

On February 8, 2005, the Ground Water Districts filed with the Department the Ground Water Districts Mitigation Plan for the American Falls Reach of the Snake River (the "February 2005 Mitigation Plan") demonstrating how they would provide mitigation, as or when necessary, to surface water users in the American Falls reach of the Snake River ("AFR"), which is the reach measured by the Near-Blackfoot and Minidoka river gauges. The February 2005 Mitigation Plan is broad enough in scope and substance to satisfy the minimum requirements the Director's Order imposes on the 120/130 Districts for 2005. This is particularly so with respect to the quantities of water that are expected to be available to the plan participants as replacement water, and the alternative or additional actions that they might undertake.

However, because the Director's Order contains requirements not contemplated in the February 2005 Mitigation Plan, and because it provides a specific obligation for replacement water in 2005, this Replacement Water Plan is submitted to comply with the Director's Order.

The Ground Water Districts are not proposing at this time to withdraw or amend the February 2005 Mitigation Plan.

To the extent that this Replacement Water Plan is deemed a mitigation plan under the Department's Conjunctive Management Rules, and due to the extremely short period of time allowed by the Directors' order to submit this document, the Ground Water Districts incorporate herein by reference each provision of the February 2005 Mitigation Plan as may be required by such rules to be included in a mitigation plan under consideration by the Department.

REPLACEMENT WATER PLAN

A. Replacement water to be provided in 2005.

1. 27,700 acre-feet. Paragraph 5, page 44, of the Order requires the 120/130 Districts to provide at least 27,700 acre-feet of replacement water to certain members of the Surface Water Coalition in 2005 for mitigation (the "2005 Replacement Obligation."). Acting on behalf of the 120/130 Districts, IGWA hereby commits to make available 27,700 acre-feet of replacement water during the 2005 irrigation season to meet the 2005 Replacement Obligation from one or more of the sources shown in Attachment A.[1]

a. Documentation of the 120/130 Districts' entitlement to these volumes of water for use as replacement water for mitigation purposes in 2005 is contained in Attachment B hereto.

b. Unless the Director otherwise requires, IGWA will determine which of these water sources will be provided to meet the 2005 Replacement Obligation, and will, at the appropriate time, notify the Director in writing and authorize him to take

[1] IGWA assumes that the Order's selection of 27,700 acre-feet in this context is based on a preliminary determination of material injury by the Director, and that this amount might be reduced based on information available to the Director during the course of the irrigation season. If it subsequently is determined that there is no material injury this water delivery will need to be credited back to IGWA.

immediate control of such water and instruct the District 1 Watermaster or other agents or employees to deliver it to fulfill the 2005 Replacement Obligation.

2. Disposition of Additional Water On-Hand During 2005. In addition to meeting the 2005 Replacement Obligation this year, IGWA will, on behalf of the 120/130 Districts, arrange for delivery through the North Side Canal of up to 45,500 acre-feet of water from one or more of the above-described sources.

a. This water is proposed to be used in the discretion of the North Snake Ground Water District and Magic Valley Ground Water District to: 1) provide water to the Sandy Pipeline Ponds to augment the water supply to water right holders in the Billingsley Creek subreach of the Thousand Springs Reach ("TSR"); 2) provide a surface water source for irrigation of lands previously converted from ground water irrigation as part of ongoing, stipulated and Department-approved mitigation actions of these Districts; and 3) potentially undertake small-scale, targeted recharge intended to augment the water supply to water right holders in the TSR.

b. At such time as required by the Director,[2] IGWA may designate additional amounts of any remaining, on-hand water reserved by the Ground Water Districts for the Director to deliver to the account of certain members of the SWC. IGWA contemplates that unless the Director issues a subsequent order finding material injury during the 2005 irrigation season that cannot be satisfied by delivery of the 27,700 acre-feet, and requires additional water from the 120/130 Districts during the 2005 irrigation season, any

[2] The 120/130 Districts request that the Department take necessary steps to insure that the Districts' supplies of mitigation water are properly represented in the District 01 storage accounting procedures so as to support the periodic delivery of replacement water at the direction of the 120/130 Districts in accordance with this Plan. Further, the 120/130 Districts request that they be given timely notice from the Department of any changes in their replacement water obligation due to the Director's ongoing review of potential material injury during the water year, and that they be given timely notice of any pending or potential reassignment of water from their mitigation account associated with end-of-year account closures, finalizations, book-overs or distributions.

additional amounts that the 120/130 Districts may provide to certain members of the SWC as mitigation in 2005 will be quantified and delivered concurrent with completion of the season-end Water District 01 surface water accounting.

B. Mitigation Credits

The 120/130 Districts intend to document and take full credit for all reach gains demonstrated by the Department's ESPA model to accrue to the AFR in 2005 and subsequent years from: (a) all mitigation actions the 120/130 Districts undertake in 2005 beyond providing replacement water to satisfy the 2005 Replacement Obligation; and (b) mitigation actions they have undertaken in prior years pursuant to mitigation plans, substitute supply arrangements, or interim agreements that can be applied to any amounts of required mitigation remaining after the 2005 Replacement Obligation is satisfied.[3] To the degree they accrue, these credits will be claimed as follows:

3. Mitigation credits for reach gains attributable to WD 130 mitigation actions. The 120/130 Districts will claim credit for all reach gain benefits that the Department's ESPA model indicates will accrue to the AFR as a result of the actions described in paragraph 2 above.

4. Mitigation credits for reach gains attributable to voluntary curtailments of ground water withdrawals in 2005. The 120/130 Districts will claim credit for all reach gain benefits that the Department's ESPA model indicates will accrue to the AFR as a result of any other actions they undertake that increase such reach gains, including, but not limited to, dry-year leasing of ground water-irrigated acres, cropland set-asides, District-wide percentage reductions

[3] To the extent that any 2005 mitigation obligation is carried over to subsequent years or additional mitigation obligations accrue in subsequent years, the Districts will continue to document, obtain and apply to any remaining mitigation obligation set forth in the Director's Order beyond the 2005 Replacement Obligation, mitigation credits from all residual reach gain benefits to the AFR resulting from 2005 and prior and subsequent years' mitigation actions.

or individual reductions of irrigated acres under ground water rights of certain of the 120/130 Districts' members.

5. Mitigation credits for reach gains attributable to previous years' mitigation actions. The 120/130 Districts will claim credit for all reach gain benefits that the Department's ESPA model indicates will accrue to the AFR as a result of specific mitigation actions implemented before April 2005 pursuant to mitigation plans, substitute supply arrangements, or interim agreements. Documented and estimated reach gains attributable to these prior year actions for which the 120/130 Districts currently seek credit are set forth in Attachment C.

6. Recognition of mitigation credits for separate mitigation plans. IGWA understands that certain mitigation plans, substitute supply arrangements, agreements, or entitlements already are in place in WD 120 and/or 130, and that additional mitigation plans may be submitted for the Director's approval. Specifically, those wells within the Aberdeen-Springfield Canal Company service area identified in Attachment D hereto operate under approved mitigation pursuant to an agreement previously entered into by the Department, a copy of which agreement is contained in Attachment E hereto (the "Aberdeen-Springfield Canal Company Agreement"). By this Replacement Water Plan, IGWA and the WD 120 Ground Water Districts provide notice to the Department that the water rights listed in Attachment D, including those with priority dates of February 27, 1979 and later who have been served curtailment notices by the Department, are being mitigated pursuant to the 2002 Aberdeen-Springfield Canal Company Agreement. Once the Department determines the mitigation attributable to those wells for 2005, the 120/130 Districts will seek mitigation credit.

7. Additional accounting for mitigation at season's end.

After the 2005 irrigation season, IGWA will provide the Director with transient and steady state modeling results for all 2005 mitigation actions. This will allow all appropriate mitigation credits to be applied toward any 2005 mitigation obligation that might remain after accounting for all replacement water delivered in 2005 and/or any subsequent year mitigation requirement. If there is no such remaining obligation, then such credits will apply toward any potential obligation that may arise in subsequent years.

NON-WAIVER OF RIGHTS

By filing this Plan for Replacement Water and providing replacement or mitigation water IGWA and its members do not concede that ground water pumping from the ESPA has caused material injury to any surface water right and do not waive their right to challenge the Director's Order, to seek its reconsideration or clarification, or to file other motions or pleadings concerning it or the delivery call giving rise to it.

RESPECTFULLY SUBMITTED this 29th day of April 2005.

GIVENS PURSLEY LLP

Jeffrey C. Fereday

Michael C. Creamer

Attorneys for Idaho Ground Water Appropriators, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of April 2005, I served a true and correct copy of the foregoing by delivering the same to each of the following individuals by the method indicated below, addressed as follows:

Mr. Karl J. Dreher Director Idaho Department of Water Resources 322 East Front Street P.O. Box 83720 Boise, ID 83720-0098	_____ _____ _____ X _____	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
C. Tom Arkoosh, Esq. Arkoosh Law Offices, Chtd. 301 Main Street P.O Box 32 Gooding, ID 83330	X _____ _____ _____ X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
W. Kent Fletcher, Esq. Fletcher Law Office P.O. Box 248 Burley, ID 83318-0248	X _____ _____ _____ X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Roger D. Ling, Esq. Ling, Robinson & Walker 615 H St. P.O. Box 396 Rupert, ID 83350-0396	X X _____ _____ _____	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
John A. Rosholt, Esq. John K. Simpson, Esq. Travis L. Thompson, Esq. Barker, Rosholt & Simpson 113 Main Avenue West, Ste. 303 Twin Falls, ID 83301-6167	X _____ _____ _____ X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Kathleen Marion Carr, Esq. Office of the Field Solicitor U.S. Department of the Interior 550 West Fort Street, MSC 020 Boise, ID 83724-0020	X X _____ _____ X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail

E. Gail McGarry, P.E. Program Manager Water Rights & Acquisitions PN-3100 U.S. Bureau of Reclamation Pacific Northwest Region 1150 N. Curtis Road Boise, ID 83706-1234	X X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Scott L. Campbell, Esq. Moffatt Thomas Barrett Rock & Fields, Chtd. 101 S. Capitol Blvd., 10th Floor P.O. Box 829 Boise, ID 83701-0829	X X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Michael S. Gilmore, Esq. Deputy Attorney General Civil Litigation Division Office of the Attorney General P.O. Box 83720 Boise, ID 83720-0010	X X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Josephine P. Beeman, Esq. Beeman & Associates PC 409 West Jefferson Boise, ID 83702-6049	X X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Sarah A. Klahn, Esq. White & Jankowski, LLP 511 16th Street, Suite 500 Denver, CO 80202	X X	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail
Idaho Department of Water Resources Eastern Regional Office 900 North Skyline Dr. Idaho Falls, ID 83402-6105	X 	U.S. Mail Facsimile Overnight Mail Hand Delivery E-mail

Idaho Department of Water Resources
Southern Regional Office
1341 Fillmore St., Ste. 200
Twin Falls, ID 83301-3033

__X__ U.S. Mail
_____ Facsimile
_____ Overnight Mail
_____ Hand Delivery
_____ E-mail

Michael C. Creamer

ATTACHMENT A

Attachment A
2005 Replacement Water Sources

Source	Acre-Feet
FMC Lease	6,820
New Sweden Irr. Dist.	15,000
Peoples Canal Co.	3,000
Snake River Valley Irr. Dist.	2,000
Grindstone-Butte, et al. (High-lift exchange)	47,970*
United Water Idaho (High-lift exchange)	9,833**
Subtotal – Surface water supplies	84,623
WD 120 Dry-Year Leasing	2,522***
Subtotal – Above Milner water	87,145

* Based on total 2005 lease of 58,500 AF at 82% exchange credit from USBOR. Letter of Intent has been executed between Ground Water Districts and Lessors. Exchange Agreement with USBOR is pending.

** Based on total 2005 lease of 11,992 AF at 82% exchange credit from USBOR. Execution of lease agreement with Lessor and exchange agreement with USBOR are pending.

*** Eight separate dry-year lease agreements affecting 1,261 total acres in Bingham and Power Counties have been executed. Total associated consumptive use foregone in 2005 is 6,828 AF. First year reach gain increase in Blackfoot to Milner reach is 520 AF. Second year reach gain increase is 344 AF.

LEASE PROGRAM OFFERS

Groundwater Leases

	NAME	W.R. #	LOCATION	POD	TOTAL ACRES	CFS
3	KBC Farms LLC 3062 S. Frontage Rd Am. Falls, ID 83211 226-2773, 221-1317	35-2426	Bingham Co.	T=03S, R=31E, S=33	291	3.4
4	J. Henry Olsen 1005 W, Hwy 26 Blackfoot, ID 684-5584, 526-0946, 680-9178	35-2384 35-7092	Bingham Co.	T=01S, R=33E, S=35	296	4.5 1.07
5	Foster Land and Cattle P.O. Box 308 Rigby, ID 745-6170, 589-6170	35-12933 & 35-02653	Bingham Co.	T=01N, R=33E, S=27	250	9
	Foster Land and Cattle P.O. Box 308 Rigby, ID 745-6170, 589-6170	35-2503A	Bingham Co.	T=01N. R=33E, S=26	200	3.63
6	Howard & Joyce Klempel 3080 W 1550 S Aberdeen, ID 397-6328, 221-4236	35-2550	Bingham Co.	T=05S, R=30E, S=13	95	2.7
8	William Toevs 2841 W 1800 S Aberdeen ID 604-2599	35-8626	Power Co.	T=06S, R=29E, S=09	129	1.88

1261.00	26.18
Total Acres	Total CFS

ATTACHMENT B

Peoples Canal & Irrigation Co.

1050 West Hwy 39
Blackfoot, Idaho 83221
208-684-3105

April 28, 2005

To whom it may concern:

The Peoples Canal & Irrigation Co. has agreed to lease 3,000 A/F of water to the ground water users, represented by Lynn Tominaga. The water will be available upon receipt of payment for the water as agreed.

Thank you,

Steven H. Murdock—Sec.
Peoples Canal & Irrigation Co.

SNAKE RIVER VALLEY IRRIGATION DISTRICT
221 So. Emerson - Shelley, Idaho 83274
Phone (208) 357-3420 Fax (208) 357-0450

April 28, 2005

Dear Lynn Tominaga;

This letter is to confirm the agreement with Snake River Valley Irrigation District to lease water. The District agrees to lease 2000 af of water for the 2005 irrigation season.
If you have any questions please feel free to call the District office at 209-357-3420.

Sincerely,

Snake River Valley Irrigation Board of Directors
Carlos S. Nielson
Blaine Hillman
Larry Jacobsen

RECEIVED
APR 28 2005
Givens Pursley, LLP

State of Idaho
Water District 1
900 N. Skyline Dr., Suite A
Idaho Falls, Idaho 83402-1718

RONALD CARLSON
WATERMASTER
(208) 525-7172
Fax (208) 525-7177

IDWR DIRECTOR
KARL J. DREHER

COMMITTEE OF NINE

CHAIRMAN
Albert Lockwood
Ellen

VICE CHAIRMAN
Larry Kerbs
St. Anthony

Leonard Beck
Burley

Charles Cuiver
Hamer

Claude Storer
Idaho Falls

Paul Boggess
Blackfoot

Dale Rockwood
Idaho Falls

Don Hale
Blackfoot

Leland Clark
Ashton

FAX MEMORANDUM (Page 1 of 2)

TO: Mike Creamer, Givens-Pursley (Fax 388-1300)
FROM: Tony Olenichak, Deputy Watermaster
DATE: April 28, 2005
SUBJECT: 2005 Private Lease Agreement

As requested by Lynn Tominaga, attached is the 2005 Private Lease Agreement leasing 15,000 acre-feet of storage from New Sweden Irrigation to the Ground Water Districts for the 2005 season. Ronald Carlson, Watermaster, has not approved (signed) the lease yet, however, I expect it is merely a formality that will probably occur when the 2000 storage allocations have been made to canals. Water District records indicate all the appropriate fees for the lease have been received, and I can assure you that New Sweden will receive a storage allocation sufficient to fill their commitment to the Ground Water Districts.

Apr 28 2005 4:31PM Idaho Dept. of Water Resources No. 1922

Apr 28 2005 4:01PM Idaho Dept. of Water Resources No. 1922 P. 2

PRIVATE LEASE AGREEMENT
FOR 2005

WHEREAS, no water has been assigned to the Water District 1 Rental Pool, and;

WHEREAS, Bonneville/Jefferson and Bingham and American Falls/Aberdeen Ground Water Districts, need mitigation water for the 2005 irrigation season, and

WHEREAS, New Sweden Irrigation Dist, has agreed to provide 15,000 acre-feet of storage for the 2005 season under the following terms and conditions:

At the cost of $ 10.70 per acre-foot. $9.00 to be paid to the supplier. Water District 1 to be paid $0.80 per acre-foot for administration. The Idaho Water Resource Board to be paid $0.90 per acre-foot. (10% of supplier fee, payable to Water District 1).

NOW THEREFORE, upon the payment of the appropriate Rental Pool fees, and the approval of the Watermaster, the parties of this lease agreement agree and request that the Watermaster change the point of delivery for 15,000 acre-feet of storage from New Sweden Irrigation to the Ground Water Districts, for the year ending October 1, 2005.

Signed this 15th day of March, 2005

Assignor

Lessee

The proposed change is Approved / Denied this _____ day of _____, 2005.

Ronald D. Carlson

Watermaster

IDAHO GROUND WATER APPROPRIATORS, INC.

Officers:

Tim Deeg, President
American Falls, Idaho 83211
208-226-2562

Richard Smith Vice President
P.O. Box 8
Rexburg, Idaho 83440
208-356-4912

Randall C. Budge, Secretary
P. O. Box 1391
Pocatello, Idaho 83204-1391
208-232-6101

Lynn Tominaga, Executive Director
IGWA
P.O. Box 2624
Boise, Idaho 83701
208-381-0294

Members:

American Falls-Aberdeen GW District
Bingham GW District
Bonneville-Jefferson GW District
Madison GW District
Magic Valley GW District
North Snake GW District
Southwest Irrigation District
Busch Agricultural Resources, Inc.
Jerome Cheese
United Water Idaho, Inc.
City of American Falls
City of Blackfoot
City of Chubbuck
City of Heyburn
City of Jerome
City of Paul
City of Post Falls
City of Rupert

LETTER OF INTENT

This Letter of Intent is to set forth the Parties desires and intentions to act with due diligence and negotiate in good faith to enter into a binding and enforceable Lease Agreement ("Lease") and Option to Purchase ("Option") with respect to certain surfacewater rights in the Snake River. The basic terms of the proposed Lease and Option are set forth below.

(1) The Parties.
The parties to this Letter of Intent are various entities and individuals that own certain water rights in the Snake River below Milner dam, consisting of three groups of owners known as the Glenns Ferry, Murphy and Mountain Home Groups, (collectively "the Owners") and the Idaho Groundwater Appropriators, Inc (IGWA), acting for and on behalf of its groundwater district members, American Falls-Aberdeen, Bingham, Bonneville-Jefferson, Magic Valley, North Snake and Southwest Irrigation Groundwater Districts ("the Districts").

(2) The Purpose.
The purpose is to acquire water rights by lease and/or purchase to facilitate a Water Exchange Agreement with the Bureau of Reclamation ("Reclamation"). Pursuant to the Exchange Agreement the acquired water rights will be exchanged for water in the Upper Snake River Basin in order to augment Snake River flows above Milner Dam during the irrigation season to mitigate for ground water pumping in the East Snake Plain Acquifer ("ESPA").

REDACTED

(3) Lease Agreement.
A Lease Agreement will be entered into pursuant to which the Owners will lease to the Districts 58,500AF (water rights in the Snake River appurtenant to approximately 19,500 acres) for the 2005 irrigation season based upon a minimum of 3AFA. The rent will be for 46,500AF subject to the Purchase Option ("Option") described below, and for 12,000AF not subject to the Option, a total rent of The rent will be adjusted based on the actual acres and water rights available and qualifying for exchange and mitigation.

(4) Purchase Option.
The Owners grant to the Districts an irrevocable and exclusive Option to purchase approximately 53,100 AF (all water rights appurtenant to 15,500 acres subject to the Lease Agreement and an additional 2,200 acres not subject to the Lease Agreement). The agreed price is (per acre) for a total purchase price of , based upon the following terms:

(a) Payment of an Option payment of AF, a total of . payable upon the simultaneous execution of the Lease and Option Agreements and credited to the purchase price at closing. In addition AFA of the AFA lease payment will be credited to the purchase price at closing.

(b) The Option must be exercised by written notice to the Owners within 30 days of the qualified electors of the Districts approval of indebtedness to secure funds for the purchase of the water rights, no later than August 10th, 2005. The Districts will seek approval at the earliest available date an election can be scheduled.

(c) Upon exercise of the Option, the Districts must pay to the Owners a non-refundable earnest money deposit of per acre, a total of which sum will be credited to the purchase price at closing.

(d) The balance of the purchase price shall be due and payable on or before September 30, 2005.

(e) At closing the Owners will deliver to the Districts free and clear title to the water rights purchased.

(f) The total Option payments and purchase price is based upon the estimated acreage of 17,700 and 3AFA of water qualifying for exchange and mitigation and is subject to adjustment up or down at the per acre rates set forth above should the actual water qualifying for exchange and mitigation be different.

(5) Additional Terms and Conditions.
The following additional terms and conditions shall apply:

(a) It will be necessary for IDWR to evaluate the Owners' water rights and determine eligible acres following the criteria set forth in IDWR's December 7, 2004 Snake River Basin Water Rights Acquisition Program, the terms and conditions of which are incorporated by reference.

(b) The Districts will have no responsibility for the operation or maintenance of the idled lands or any damages related to use of the idled lands. The Owners agree to a standard form indemnity provision to the Districts as a part of the Lease.

(c) It will be necessary for the Districts to obtain financing and secure authorization to incur indebtedness as required by Title 42, Chapter 5, Idaho Code.
Dated: April 1, 2005

IGWA for and on behalf of the Ground Water Districts:

By: _____
Tim Deeg - President

For and on behalf of the Glenns Ferry, Murphy,Mountain Home Owner Groups:

By: _____
Craig Castagneto

By: _____
Mark Noble

(SEE SIGNATURES OF ALL DISTRICTS AND OWNERS TO BE ATTACHED)

AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By: Kevin Michaelson
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By:_____
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

SOUTHWEST IRRIGATION DISTRICT

By:_____
Mike Cranney, Chairman
Rt. 1, Box 40D
Oakley, Idaho 83346

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By: William H. Taylor
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

By:_____
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By:_____
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

AMERICAN FALLS - ABERDEEN GROUND WATER DISTRICT

By:_____
Kevin Michaelson, Chairman
2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By:_____
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

SOUTHWEST IRRIGATION DISTRICT

By:_____
Mike Cranney, Chairman
Rt. 1, Box 40D
Oakley, Idaho 83346

BONNEVILLE JEFFERSON GROUND WATER DISTRICT

By:_____
William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

MAGIC VALLEY UNDERGROUND PUMPERS ASSOCIATION

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Orlo Maughan, Chairman
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Rupert, ID 83350

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Gooding, ID 83330

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By:_____
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American Falls, ID 83211

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By:_____
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

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Mike Cranney, Chairman
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2590 Quigley
American Falls, ID 83211

BINGHAM GROUND WATER DISTRICT

By:_____
Craig Evans, Chairman
1523 W. 300 N.
Blackfoot, Idaho 83221

SOUTHWEST IRRIGATION DISTRICT

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Mike Cranney, Chairman
Rt. 1, Box 40D
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William Taylor, Chairman
P.O. Box 51121
Idaho Falls, Idaho 83405-1121

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By:_____
Orlo Maughan, Chairman
453 W. 90 N.
Rupert, ID 83350

NORTH SNAKE GROUND WATER DISTRICT

By:_____
Mike Faulkner, Chairman
1989 S. 1875 E.
Gooding, ID 83330

Glenns Ferry, Murphy, Mountain Home Groups (Owners)
Acres as of 21 April 2005 by Water Right Numbers

Name	Water Right No.	For Lease/ Option	For Lease Only	For Purchase Only
Grindstone Butte Mutual Canal Company	2-2314	492	0	0
	2-2262	6751	0	1306
Farm Development Corp. dba Sailor Creek Water Company	2-2213 2-2214	112	0	145
G. Patrick Morris	2-10240 2-2206 2-2215	912.7	0	160
Enes Alacano	2-10034 2-10248	406.3	0	640
Falcon Butte Farms, Inc. • Murphy Flats Water Co. Inc. • Murphy Flats Water Co. Inc. • Jay Hulet	2-7001 2-2251 2-10017	4900	0	300
Don Hartley • Murphy Flats Water Co. Inc.	2-7001	0	580	0
Blaine Hulet • Murphy Flats Water Co. Inc.	2-7001	600	0	0
South Elmore Irrigation Co.	2-02269 2-02367	0	3342	0
	2-02210	0	226	0
Cloverhollow LLC	2-02387 2-02386 2-07148 2-02388	0	2452	0
Total Acres		14,174	6,600	2,551

Grindstone Butte Mutual Canal Company (the "Water Company") has agreed to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

02-2314 – 492

02-2262 – 6751 For 2005 Lease/Option to Sell

_____ For 2005 Lease only

02-2262 – 1306 For option to sell only

Signature [signature] President

Date April 21, 05

The undersigned agrees to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

112 For 2005 Lease/Option to Sell

_____ For 2005 Lease only

145 For option to sell only

Water Right Holder Farm Development Corp. dba Sailor Creek Water Company

Signature [illegible] Pres

Date April 21 2005

The undersigned agrees to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

912.7 A. For 2005 Lease/Option to Sell

_____ For 2005 Lease only

160. A. For option to sell only

Water Right Holder H. Patrick Morris

Signature J Mickey Morris formerly signed as Juanita M. Morris

Date 4/18/05

A. = acres

The undersigned agrees to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

406.3 Ac For 2005 Lease/Option to Sell

EX. (~~[illegible]~~) ~~[illegible]~~ Ac For 2005 Lease only

(640.0) 640.0 Ac For option to sell only

Water Right Holder ALACANO FAMILY L.L.C.
ENES "SAM" ALACANO

Signature [signature]
Kathleen M. ALACANO
Kathleen M. Alacano

Date 4/20/05

Falcon Butte Farms Inc.(the "Water Company") has agreed to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

4900 For 2005 Lease/Option to Sell

300 For 2005 Lease only

_____ For option to sell only

Total For lease 2005 5200 Acres

The undersigned shareholder in the Water Company agrees that his portion of the Water Company's obligation described above is as follows:

_____ For 2005 Lease/Option to Sell

_____ For 2005 Lease only

_____ For option to sell only

Signature Falcon Butte by [illegible]

Date 4/18/05

Murphy Flats Water Company, Inc.(the "Water Company") has agreed to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

_____ For 2005 Lease/Option to Sell

580 For 2005 Lease only

_____ For option to sell only

The undersigned shareholder in the Water Company agrees that his portion of the Water Company's obligation described above is as follows:

_____ For 2005 Lease/Option to Sell

580 For 2005 Lease only

_____ For option to sell only

Signature Don Hartley

Date 4-21-05

Murphy Flats Water Company, Inc.(the "Water Company") has agreed to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

600 Acres For 2005 Lease/Option to Sell

_____ For 2005 Lease only

_____ For option to sell only

The undersigned NON shareholder who owns water Rights (B.L.H.) in the Water Company agrees that his portion of the Water Company's obligation described above is as follows:

600 Acres For 2005 Lease/Option to Sell

_____ For 2005 Lease only

_____ For option to sell only

Signature Don Hartley / Blaine Hale
President

Date 4-20-05

South Elmore Irrigation Co.(the "Water Company") has agreed to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

_____ For 2005 Lease/Option to Sell

3568 For 2005 Lease only

_____ For option to sell only

The undersigned shareholder in the Water Company agrees that his portion of the Water Company's obligation described above is as follows:

_____ For 2005 Lease/Option to Sell

3568 For 2005 Lease only

_____ For option to sell only

Signature [signature] President, South Elmore Irrig. Co. Inc.

Date 4-13-05

Signature [signature] Sec Treas.

Date 4/13/05

Clover Hollow LLC (the "Water Company") has agreed to submit the following acres in accordance with the attached Idaho Ground Water Appropriators, Inc. "Letter of Intent" dated April 1, 2005.

_____ For 2005 Lease/Option to Sell

2452 For 2005 Lease only

_____ For option to sell only

The undersigned shareholder in the Water Company agrees that his portion of the Water Company's obligation described above is as follows:

_____ For 2005 Lease/Option to Sell

2452 For 2005 Lease only

_____ For option to sell only

Signature _____

Date 4-13-05

Signature _____ Date 4/13/05

Signature _____ Date 4/14/05

Signature BERGH FARMS LLC Date 4/14/05
by David E. Bergh

ATTACHMENT C

Summary of Historical Mitigation Activity in 130

Mitigation Activity	Year Undertaken	Gross Amount of Water Involved (AF)
Sandy Pipeline deliveries	2003	9,000
	2004	12,814
	2005*	12,814
Pumping Reductions	2002	30,277
Conversions	2002	19,963
	2003	27,000
	2004	31,137
	2005*	31,137
Curtailment	2004	3000 acres
	2005*	10%
Targeted recharge	2005*	1,600

* Projected values for 2005

Summary of 2005 Reach Gain Benefits, Blackfoot-Milner

Pre-2005 Sandy Pipeline, Pumping Reductions, and Conversions in 130	1,297
2005 Sandy Pipeline and Conversions in 130	2
2005 Curtailment of 10% in 130	65
2005 Targeted recharge of 1600 af in 130	3
Total	1,407

ATTACHMENT D

LIST OF ABERDEEN-SPRINGFIELD CANAL COMPANY SHAREHOLDERS
DIVERTING FROM WELLS GROUND WATER RESULTING FROM IRRIGATION
UNDER THE IRRIGATION WORKS OF ABERDEEN-SPRINGFIELD CANAL COMPANY
FOR USE ON LANDS TO WHICH THE WATER RIGHTS
OF ABERDEEN-SPRINGFIELD CANAL COMPANY ARE APPURTENANT

NAME, LAST	NAME, FIRST	PARCEL NO.	SHARES	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.
Aberdeen Cemetary Maint.Dist		468	20.3	35-10542		
Anderson	H. Homer	33	120	35-07450		
Anderson	H. Homer	410	25	35-07450		
Barclay	Earl H.	292	80	35-02525	35-12248	
Barclay	Earl H.	246	80	35-02525	35-12248	
Behrend	Paul W.	535	150	35-08597	35-02712	
Behrend Farms		496	160	35-02116		
Bethke	David R.	572	160	35-07267A & B	35-08079	
Bohrer	Herbert	164	30	35-07146		
Bowler Ranches Inc		577	320	35-04093		
Bowler Ranches Inc		582	73.4	35-02172	35-04093	
Burusco	Juan	450	263.5	35-07756	35-02498	35-4095
Christensen	Claude L.	476	60	35-08663		
Claunch	R.Harold/Ethel P.	251	39	35-07680		
Clement	Arlen/Patricia	131	23	35-09017		
Corbridge	Dorothy	517	80	35-08878		
CWT Farm		481	80	35-02347	35-13264	

NAME, LAST	NAME, FIRST	PARCEL NO.	SHARES	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.
Dance	David P.	28	160	35-07957		
Dance	David P.	26	160	35-07422		
Deeg	Diane J.	140	160	35-07865		
DeGiulio	Alan	1266	40	35-07722		
Driscoll	Thayne	223	40	35-00038F	35-07820	
Driscoll Bros.		298	65	35-08665		
Droghei Trust	Frank & Shirley	56	100	A35-02824		
Duffin	Byron	312	40	35-07728		
Duffin	Eric/Melanie	310	160	35-07728		
Duffin	Eric/Melanie	342	155	35-07164A		
Duffin	John R.	205	120	35-07729	35-7728	
Duffin	Raymond K.	541	150	35-07353		
Dvorak	Judith	483	160	35-08805	A35-02236	
Edwards	Theron T.	125	174.1	A35-07721	A35-07286	
Feld	Jeffery D.	507	40	A35-08820		
Feld	Jeffery D.	506	140	A35-08820	A35-07732	
Feld	O. E.	321	120	35-07102	35-12088	35-7732
Funk	Bill	534	100	35-07762	35-07647	
Funk	Bill	511	130	35-04034 A & B	35-7762	35-02154
Funk	H. Alan	548	100	35-07894		
Funk	H. Alan	528	489	35-02066A & B		
Funk	Raymond/Betty	505	160	35-08791	35-02072	35-2470
Funk	Raymond/Betty	509	160	35-08197	35-07760	

EXHIBIT "A"

List of ASCC Shareholders Diverting From Wells Ground Water Resulting From Irrigation Under the Irrigation Works of ASCC for Use on Lands to Which the Water Rights of ASCC are Appurtenant

NAME, LAST	NAME, FIRST	PARCEL NO.	SHARES	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.
Hansen	Lynn E.	367	107	35-02370		
Harker	Layne	171	40	35-04032		
Horsch	Albert	412	105	35-07191		
Horsch	Dwight W.	378	112	35-08083		
Horsch	Dwight W.	474	60	35-08680		
Horsch	Dwight W.	475	144	35-07530		
Horsch	Kenneth/Marilyn	471	154	35-07393		
Irigoyen	Juan	451	80	A35-07618		
Irigoyen	Juan	464	116.8	A35-07621	35-7618	
Isaak	Harold	370	122.3	35-13073		
Jackson	George	124	75.3	35-07453, A & B	35-07592	
Johnson	Lewis D.	334	80	35-08330		
Jones	Arthur J.	143	40	35-08954	35-02100	
Judge	Gary	147	120	A35-08602		
Judge	Leota	149	270.4	35-02226		
Klassen	Charles	384	10	35-02347	35-13264	
Klassen	Otto	387	40	35-07061		
Klassen	Ralph D.	379	66	A35-10318		
Klassen	Ralph D.	373	184	A35-10318		
Klassen	Ralph D.	363	150	A35-10318		
Knudsen Poor Farms Inc.		538	225.3	35-07890		
Koompin	Richard	220	140	35-11666		
Kramer	Donald	579	80	A35-04183		

EXHIBIT "A"

List of ASCC Shareholders Diverting From Wells Ground Water Resulting From Irrigation Under the Irrigation Works of ASCC for Use on Lands to Which the Water Rights of ASCC are Appurtenant

NAME, LAST	NAME, FIRST	PARCEL NO.	SHARES	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.
LDS Real Est Div		617	50	35-07903A & B		
LDS Real Est Div		480	32	35-07022		
LDS Real Est Div.		177	36	35-07231	35-4229	35-7022
Lehman	James	498	160	35-02315	35-10859	35-10860
Lehman	Robert	499	155	35-10843		
Lehman Farms		501	257	35-02049		
Leisy	Deaun O.	503	130	35-11542		
Line	Regina	183	120	35-08952		
Line View Farms Inc		182	618.3	35-02406		
Mann	Robert E.	333	200	35-07627		
Murdock	Dale	87	100	35-08590	35-02670D	
Murdock	Ronald/Steven	80	70	35-08962	35-02670B & C	
Phillips	Leonard	383	80	35-07494		
Pierce Revoc Trust		126	120	A35-02504A		
Poulson	Jackman G. Jr.	462	92	35-08835		
Poulson	Jackman G. Jr.	381	76	35-07945		
Poulson	Neil	603	131	35-02917B		
Poulson	Neil	561	80	35-02917A		
Poulson	Neil	606	80	35-02917B		
Poulson	Scott E.	316	40	35-07948		
Poulson	Scott E.	315	80	35-07948		
Povey	Wade	567	113	Permit # ??		

XHIBIT "A"

List of ASCC Shareholders Diverting From Wells Ground Water Resulting From Irrigation Under the Irrigation Works of ASCC for Use on Lands to Which the Water Rights of ASCC are Appurtenant

NAME, LAST	NAME, FIRST	PARCEL NO.	SHARES	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.
Rossi	Charles	57	30	35-02308A		
Saintz Ltd. Ptrshp		158	484	35-07790		
Saintz Ltd. Ptrshp		158	484	35-04113	35-7790	
Katherine Schroeder Est		550	368.8	35-02167B, D, E, F all		
Katherine Schroeder Est		597	263.5	35-12805		
Schroeder	Clarence	610	59.8	35-07145		
Schroeder	Robert	556	80	35-02271		
Shackelford	Charles J.	351	523	35-07696	35-04060	353-02387A
Shackelford	Charles J.	348	145	35-07696	35-04060, 35-2073	35-02387A
Shroeder	Clarence	72	14	35-12805		
Smith	Edgar/Carroldine	429	8	35-11829		
Smith	Sherman N.	434	175	35-07737	35-07507	35-04240
Stroschein Ranches Inc.		277	113.7	35-02359	35-07519	
Stroschein Ranches Inc.		286	153.5	35-02359	35-07519	
Stroschein	Ronald W.	232	160	35-08054		
University of Idaho		420	160	35-08172		
University of Idaho		461	246.8	35-07643A & B	35-4221	
University of Idaho		457	99	35-08880		

EXHIBIT "A"

List of ASCC Shareholders Diverting From Wells Ground Water Resulting From Irrigation Under the Irrigation Works of ASCC for Use on Lands to Which the Water Rights of ASCC are Appurtenant

NAME, LAST	NAME, FIRST	PARCEL NO.	SHARES	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.	GROUNDWATER RIGHT NO.
University of Idaho		377	2	35-07846		
Valentine	Julia	15	120	35-02127	35-13018	
Vollmer	George	576	113	35-04164		
Warner	Lorin S.	335	80	35-08836		
Watt	Larry E.	31	5	35-07012B	35-07599	
Wood	Everett	269	120	35-02298	35-2339	
Wood	Everett	369	160	35-02298		
Woods	Paul T.	144	70.6	35-02339	35-10653	
Yowell	George	208	40	35-12902		

XHIBIT "A"

List of ASCC Shareholders Diverting From Wells Ground Water Resulting From Irrigation Under the Irrigation Works of ASCC for Use on Lands to Which the Water Rights of ASCC are Appurtenant

ATTACHMENT E

SETTLEMENT AGREEMENT REGARDING ABERDEEN-SPRINGFIELD CANAL COMPANY'S BASIN 01 SURFACE WATER RIGHTS and CONSOLIDATED SRBA SUBCASE NO. 35-2315

DESCRIPTIVE SUMMARY

This Settlement Agreement ("Agreement") is made by the State of Idaho, the Aberdeen-Springfield Canal Company, and the Idaho Department of Water Resources and is made in reference to the following facts.

RECITALS OF FACT

A. The Aberdeen-Springfield Canal Company objected to over one hundred recommendations for ground water rights in Basin 35 submitted to the Snake River Basin Adjudication ("SRBA") District Court by the Idaho Department of Water Resources (Consolidated Subcase No. 35-2315). The consolidated subcase is currently pending before the SRBA District Court and a trial is scheduled for April 22, 2002.

B. This Agreement addresses the future recommendations of the Idaho Department of Water Resources to the SRBA District Court regarding the surface water rights of the Aberdeen-Springfield Canal Company in Basin 01 and the issues in Consolidated Subcase No. 35-2315.

C. The issues in Consolidated Subcase No. 35-2315 relate to Aberdeen-Springfield Canal Company's surface water rights in Basin 01. In order to fully implement this Agreement and to resolve the issues in Consolidated Subcase No. 35-2315, the Idaho Department of Water Resources must file with the SRBA District Court its recommendations for the surface water rights in Basin 01. Since the Idaho Department of Water Resources is not scheduled to report its

recommendations for the water rights in Basin 01 until late 2002, a stay of proceedings under Consolidated Subcase No. 35-02315 is needed.

In consideration of the promises stated in this Agreement, the parties agree as follows:

1. Definitions

A. The term "Canal Company" means Aberdeen-Springfield Canal Company, P.O. Box Y, Aberdeen, Idaho, 83210.

B. The term "IDWR" means the Idaho Department of Water Resources, 1301 N. Orchard St, Boise, Idaho, 83706.

2. Recommendations of the Director

A. In the Director's Report for Basin 01, IDWR will recommend the place of use for the Canal Company's surface water rights from the Snake River to include both lands that were irrigated with the Canal Company's surface water rights, as of 1987, as well as lands that were originally irrigated with the Canal Company's surface water rights but as of 1987 were irrigated solely by ground water, so long as the Canal Company's water rights remained appurtenant to lands irrigated by ground water and such lands continued to pay assessments to the Canal Company. IDWR will recommend all of the acreage for lands to which the Canal Company's surface water rights are appurtenant and irrigated by shareholders using either surface water or ground water, as of 1987, as being authorized to divert and use surface water under the Canal Company's water rights.

B. In the Director's Report for Basin 01, IDWR will recommend "irrigation" and "recharge for irrigation" as the purposes of use for the Canal Company's Basin 01 surface water rights. IDWR will recommend "recharge for irrigation" as a change in purpose of use under the accomplished transfer provision of Idaho Code § 42-1425. IDWR will consider use of stored water for "recharge for irrigation" as being a valid irrigation use under the existing licenses and subsequent decreed right of the U. S. Bureau of Reclamation.

C. In the Director's Report for Basin 01, IDWR will recommend that the place of use pursuant to (A) be subdivided into two parts as follows. (1) the acreage irrigated directly by surface water (including acreage with supplemental ground water irrigation) as of 1987; and (2) the acreage originally irrigated by surface water for which authorization to divert surface water for direct irrigation continues but for which the additional purpose of use "recharge for irrigation" has been added as an accomplished transfer. IDWR will recommend the acreage from (1) as the minimum place of use authorized for direct irrigation using surface water and the sum of (1) and (2) as the maximum place of use authorized for direct irrigation using surface water. The acreage from (2) will be recommended as the place of use eligible for the mitigation credits described in paragraph E below. IDWR will recommend the place of use for the accomplished change to "recharge for irrigation" as consisting of the entire service area of the Canal Company.

D. In the Director's Report for Basin 01, IDWR will recommend the maximum quantity of water (diversion rate) historically diverted and beneficially used for the combined use of "irrigation" and "recharge for irrigation," as of 1987. IDWR will recommend the diversion rate in three components: (1) the minimum diversion rate for direct surface water irrigation will be the diversion rate associated with acreage directly irrigated with surface water as of 1987

(including acreage with supplemental ground water rights) and will be determined as the total recommended diversion rate multiplied by the acreage directly irrigated with surface water as of 1987 divided by the total acreage originally irrigated with surface water; (2) the maximum diversion rate for direct surface water irrigation will be equal to the total recommended diversion rate; and (3) the maximum diversion rate for "recharge for irrigation" will be equal to the diversion rate from (1) subtracted from the total recommended diversion rate. The intent of this calculation together with (C) is to maximize the acreage authorized for direct surface water irrigation while fixing the maximum quantity of surface water that can be used for "recharge for irrigation" as an accomplished transfer.

E. Existing ground water rights used for irrigation within the service area of the Canal Company on lands paying assessments to the Canal Company and to which the Canal Company's surface water rights have remained appurtenant will be given mitigation credit for the amount of water recharged against ground water depletions arising from the authorized diversion and use of ground water. The volume of water credited for mitigation in each year must be determined from measurements and accounting. Depletions resulting from ground water diversions eligible for mitigation credits, as described above, will be considered to have been mitigated in any year to the extent to which the recharge documented through measurements and accounting equals or exceeds ground water depletions in the same year. Mitigation credits will accrue only to the extent that surface water is diverted for recharge in a given year and will not carry over to future years. The amount credited for mitigation will be calculated as: (1) the amount of surface water diverted; (2) less the measured returns to the Snake River through wasteways or drains; (3) less 0.02 cfs multiplied by the number of acres irrigated with surface water (including those acres using supplemental ground water), multiplied by 1.98 acre

feet/cfs/day, multiplied by 214 days (the irrigation season), and multiplied by an appropriate factor (less than 1) to account for the Canal Company not constantly diverting the maximum amount needed for surface water irrigation throughout the entire irrigation season.

3. Duties of the Canal Companies

A. Upon execution of this Agreement, the Canal Company shall request a stay from the SRBA District Court in Consolidated Subcase No. 35-2315. The State of Idaho and IDWR will support this request and provide the SRBA District Court with the appropriate level of explanation, as needed.

B. Once IDWR has filed its recommendations for the Canal Company's Basin 01 water rights as set forth in section 2 above and the SRBA District Court has issued partial decrees consistent with this Agreement, the Canal Company will withdraw all objections associated with the Consolidated Subcase No. 35-2315.

4. Action by the District Court

The parties acknowledge that the execution of this Agreement will not automatically result in approval by the SRBA District Court of IDWR's recommendation for the Canal Company's Basin 01 water rights and that a further hearing may be necessary.

5. Governing Law

Both parties agree that this Agreement shall be governed by, and construed in accordance with, the laws of the State of Idaho.

6. Entire Agreement

A. This Agreement sets forth all the covenants, promises, provisions, agreements, conditions, and understandings between the parties, and there are no covenants, provisions, promises, agreements, conditions, or understandings, either oral or written, between them other than are herein set forth.

B. This Agreement has been reached in the process of good faith negotiations for the purpose of resolving legal disputes, including pending litigation, and all parties agree that no offers and/or compromises made in the course thereof shall be construed as admissions against interest or be used in any legal proceeding.

7. Successors

This Agreement shall bind and inure to the benefit of the respective successors of the parties.

8. Effect of Section Headings

The section headings appearing in this Agreement are not to be construed as interpretations of the text but are inserted for convenience and reference only.

9. Duplicate Originals

This Agreement is executed in duplicate. Each of the two Agreements with an original signature of each party shall be an original.

IN WITNESS WHEREOF the parties executed this Agreement on the date following their respective signatures.

Entered into this 31st day of May, 2002.

Roger Ling
Attorney for Aberdeen-Springfield Canal Company

Entered into this 7th day of June, 2002.

Clive J. Strong
Deputy Attorney General
Chief, Natural Resource Division
Attorney for the State of Idaho

Entered into this 5th day of June, 2002

Karl J. Dreher
Director, Idaho Department of Water Resources